

Message Text

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ACTION EUR-12

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R 241015Z DEC 74

FM AMEMBASSY BUCHAREST

TO SECSTATE WASHDC 1263

LIMITED OFFICIAL USE BUCHAREST 5838

FOR EUR/EE CHRISTENSEN

E.O. 11652: N/A

TAGS: BDIS, RO

SUBJ: AMAX ROMANIAN CONTRACT

REF: STATE 274081

1. AMBASSADOR BARNES WOULD APPRECIATE YOUR PASSING THE FOLLOWING
TO PAUL HOBOY OF AMAX.

2. THANKS FOR YOUR USEFUL BACKGROUNDER FOR MY SLATINA TRIP.
WE MET ON THE 17TH WITH ELEODOR POPESCU, HEAD OF THE INDUSTRIAL
CENTRAL, AND WITH CONSTANTIN DINESCU, HEAD OF THE SHEET AND
FOIL DIVISION, WHO TOOK US ON A TOUR OF THE PLANT. ALL HAD HIGH
PRAISE FOR HOWARD PARKER, VALUE HIS JUDGMENT AND EXPERTISE,
AND WOULD LIKE HIM TO STAY ON TO SMOOTH THE TRANSITION INTO
THE NEXT PHASE.

3. SINCE CONTRACT NEGOTIATIONS, AS YOU KNOW, ARE IN THE HANDS
OF METAROM, INTS SILINS PAID A VISIT THERE AFTER OUR RETURN
TO BUCHAREST AND GOT A FAIRLY THOROUGH RUNDOWN ON HOW THEY VIEW
THE SITUATION. HE TALKED WITH STEFAN MACANU AND GRIGORE AVRAM,
BOTH OF WHOM I BELIEVE YOU HAVE MET. IN BRIEF, THEY WOULD LIKE
TO CONTINUE THE RELATIONSHIP WITH AMAX BUT HAVE SOME NITS TO
PICK WITH YOU ABOUT DELIVERIES UNDER THE TERMS OF THE CURRENT
CONTRACT. MOCANU ADMITTED AT ONE POINT THAT THE PLANT ITSELF
WAS RESPONSIBLE FOR SOME OF THE DELAY AND SHOWED WILLINGNESS
TO BE FLEXIBLE IN RESOLVING THE PROBLEM, POSSIBLY THROUGH SUPPLY
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OF SPARE PARTS RATHER THAN ASSESSMENT OF A PENALTY AS SUCH, BUT

HE EVIDENTLY FEELS HE HAS TO STICK TO HIS GUNS. HE SAID, INCIDENT-
ALLY, THAT HE CONSIDERS THE LETTER OF CREDIT TO HAVE BEEN UNILATER-
ALLY EXTENDED BY THE ROMANIAN BANK FOR FOREIGN TRADE'S TELEX TO
YOUR BANK, EVEN THOUGH THE EXPIRATION DATE HAD PASSED.

4. MOCANU ALSO SAID METAROM WOULD LIKE HOWARD TO STAY, BOTH TO
OVERSEE INTRODUCTION OF THE 5- AND 9-MICRON EQUIPMENT AND PAVE
THE WAY FOR THE NEXT PHASE. MOCANU SAID HE CONSIDERED THE BALL
TO BE IN YOUR COURT AT THIS STAGE AND WANTED SOMEONE FROM AMAX
TO COME TO BUCHAREST FOR FURTHER TALKS. INTS TOOK THE OPPORTUNITY
TO POINT OUT THAT OTHER AMERICAN FIRMS THINKING OF DOING BUSINESS
HERE

MIGHT SEEK AMAX'S IMPRESSION OF ROMANIA BUSINESS PRACTICES
IN VIEW OF YOUR LONG EXPERIENCE AND MIGHT BE DISTURBED AT
SEEMINGLY EXCESSIVE RELIANCE ON PENALTY CLAUSE, EITHER FOR
SPARE PARTS SUPPLY OR AS SOME SORT OF DISCOUNT. INTS SAID
WE HAD HEARD OCCASIONAL COMPLAINTS ALONG THIS LINE FROM OTHER
US FIRMS AS WELL. MOCANU SEEMED TO TAKE THIS IN.

5. I WOULD APPRECIATE YOUR VIEWS ON WHERE THINGS STAND, OR
THOSE OF CLARENCE MOSER, WHO I GATHER HAS NOW TAKEN OVER
RESPONSIBILITY FOR THIS PROJECT. HOWARD, INCIDENTALLY, HAS
JUST SHOWN US A COPY OF MR. MOSER'S MEMORANDUM OF DECEMBER 12.
IN ANY CASE, WE STAND READY TO HELP IN ANY WAY WE CAN. BEST
WISHES FOR CHRISTMAS AND THE NEW YEAR.
BARNES

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